Defense Energy Support Center (DESC)

OPTIMIZATION

Purpose

- Define Optimization
- Explain process
- Apply process at installation level operations

Optimization

- Optimization is the process of conducting short term and long term research and planning to develop best fit solutions which will help to efficiently operate and maintain Department of Defense (DoD) petroleum storage and distribution (S & D) systems.

Optimization Studies

- Optimization Studies are:
  - Performed on both wholesale and retail S&D systems
  - Prompted by internal DESC requests, Military Service requests and MILCON / MR&E projects

Optimization Changes

- Capitalization of base inventories has changed recent Optimization emphasis to retail systems
- DoD MILCON funding constraints have resulted in OSD direction to DESC & the Services to explore privatization alternatives for Government-owned infrastructure.

DEFENSE LOGISTICS AGENCY

Types of Fueling Operations

Defense Energy Support Center

- GOGO – Government owned and Government operated facilities.
- GOCO – Government owned facilities with Contractor providing service and preventive maintenance to operate those facilities.
- COCO – Contractor Owned and Contractor Operated.

Outsourcing versus Privatization

- GOCOs are outsourced operations. The Government maintains ownership of the facilities while operation and maintenance is provided by a contractor.

- COCOs are privatized operations when Government Real estate is leased to a contractor who provides new infrastructure via their capital and the labor to operate and maintain those facilities.

Benefits of Privatization

- Private investment capital utilized
- New facilities created
- Transfer of environmental liability (risk)
- Military manpower may be used for more critical war fighting roles

Policy

- DoD 4140.25-M, CHAPTER 8, Management of Storage and Distribution Facilities States:
  - At request of Service, DESC will consider conversion of a Service GOGO to a DESC-funded GOCO if economic benefit to DoD
- COCO Authority is 10 USC 2388

Procedure

- Study proponent identifies installation and requests an optimization study
- Consideration for Study:
  - Savings to DoD
  - Satisfies Military requirements

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Fuel Facility Assessment

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- Service, Base and DESC conduct a joint site assessment.
- DESC prepares Survey Report with Service and Base participation and coordination.
  - Findings outline:
    - **Problems with current infrastructure and services**
    - **Fuel infrastructure and services to be provided**
    - **Potential for consolidation and automation of facilities**
    - **Alternatives to consider: outsourcing, privatization, partnering, MILCON or status quo**
    - **Estimated cost of current operations**
    - **Economic analysis of the review/cost savings expected**

Proceed with Acquisition

- If economic benefit is indicated by the preliminary Economic Analysis, DESC will proceed with developing appropriate documentation. Example: A Performance Work Statement (PWS).
  - Service and Base participate and coordinate

Memorandum of Agreement (MOA)

- Concurrent with the development of a PWS, DESC, the Service Control Point and the activity will jointly develop an MOA.
- The MOA will help to define roles and responsibilities and will be signed by all parties prior to initiation of any contract action.

CAPE CANAVERAL AFS (Typical Study)

- JP-8 & Bulk DL2 Supported from PAFB
- Navy & AF each operate Service Stations requiring update
- NASA JP-8 Tanks deteriorated

DEFENSE LOGISTICS AGENCY

Completed Project Example Bulk Loading Original

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Top & Bottom Loading
DL2

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Keyed Automated Dispensers

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Full View New Facility

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DESC FORT GORDON COCO

Defense Energy Support Center

Before DESC Privatization

THE New Way of Doing BUSINESS !!

Completed/Awarded Base Level Projects

Fort Bragg, NC (Two- Ground products and airfields)
Schofield Barracks, HI
Fort Jackson, SC
29 Palms, CA
Fort Hood, TX (GOCO)
Hunter Army Airfield, GA (GOCO)
Fort Stewart,GA

Fort Gordon, GA
MCB Okinawa, JA (GOCO)
Fort Lewis, WA

IN PROCESS BASE LEVEL PROJECTS

Fort Carson, CO
Fort Campbell, KY
MCB Camp Lejeune, NC
MCB Camp Pendleton, CA
Cape Canaveral AFS/KSC
Gulf Coast Resupply Study

Conclusions

- The Optimization Program is a cooperative effort between DESC, Services' and Installations to ensure efficient use of DoD funds for fuel facility replacement, maintenance/upgrade, operation and management.
- The DESC strategy is to ensure the most cost effective solution is achieved while continuing to support the customer.